



March 9, 2012

Jerome E. Horton, Chairman
Board of Equalization
450 N Street, MIC: 72
Sacramento, CA 95814

Dear Chairman Horton:

As Chair of the First 5 State Commission, I have been asked to address the dramatic and now annual increases in charges assessed against the Children and Families Trust Fund with the Board of Equalization (BOE).

To clarify the First 5 California Commission's concern, in August 2010, First 5 California executive staff met with senior BOE executives. An explanation was provided by the BOE executives for the significant increase in collection and enforcement costs attributed to the Children and Families Trust Fund. Those costs as determined by the BOE increased from \$7.4M in FY 2006-07 to \$12.7M in FY 2009-10. The Commission was assured that the BOE adjustment for operations and enforcement should level off, and we would not see significant increases in future years.

Contrary to the BOE executives' projections and assurances at that time, the Commission has now been informed that the \$12.7M FY 2009-10 costs will increase to \$14.2M for 2010-11, \$16.8M for 2011-2012, and \$17.4M in 2012-13. I would like you to provide the BOE assumptions and staffing documents so we can see how our funds are being spent.

I request on behalf of the First 5 California Commission that this issue be placed on the BOE Agenda for discussion with the full BOE Board. First 5 California Commissioner Conway Collis will represent our Commission at the hearing.

Thank you for taking the time to review the issue. Please let me know if you have any questions.

Sincerely,

A handwritten signature in black ink that reads "Jennifer Kent". The signature is written in a cursive, flowing style.

Jennifer Kent, Chair
First 5 California

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cc: Conway Collis, Commissioner, First 5 California
Kristine Cazadd, Executive Director, BOE
David Gau, Deputy Director, Property and Special Taxes Department, BOE
Betty Yee, First District Board Member, BOE
George Runner, Second District Board Member, BOE
Michelle Steel, Vice Chair, Third District Board Member, BOE
Liz Houser, Deputy Director, Administration, BOE
Kris Perry, Executive Director, First 5 California